

Commissioner's Directive #16

May 1, 1994 (Revised)

Disclaimer: Commissioner's Directives are intended to provide nontechnical assistance to the general public. Every attempt is made to provide information that is consistent with the appropriate statutes, rules and court decisions. Any information that is not consistent with the statutes, rules or court decisions is not binding on either the Department or the taxpayer. Therefore, the information provided herein should serve only as a foundation for further investigation and study of the current law and procedures related to the subject matter covered herein.

Subject: New or Replacement Tires on Vehicles IC 13-7-23-10.3

Introduction

The purpose of this Directive is to establish the procedures to be followed in collecting and remitting the tire fee enacted in HB 1427 of the 1993 General Assembly and amended by HB 1182 of the 1994 General Assembly. The Act does not apply to the sale of used or retreaded tires. This Directive is being issued to instruct persons that sell new tires.

Beginning July 1, 1994 there is a \$0.25 fee imposed on each new tire sold in Indiana for use on a motor vehicle, and types of equipment, machinery, implements or other devices used in transportation, manufacturing, agriculture, construction or mining. The fee is not imposed on tires used in lawn and garden tractors that are propelled by motors with less than twenty (20) horsepower, or on tires used on a semitrailer. The fee would not be imposed on new tires mounted on a non self-propelled vehicle for personal use such as a boat trailer or a camper trailer. New tire means a tire that has never been mounted on the wheel of a vehicle.

The fee is also imposed on each new tire mounted on a vehicle at the time the vehicle is sold, and any spare tire that is included with the vehicle. Purchases by governmental units and not-for-profit organizations **are not** exempt from the tire fee. The fee imposed shall be collected by the person selling the new tire or vehicle to the ultimate consumer of the tire or vehicle. If an out-of-state seller is registered to collect and remit the sales and use tax, then the out-of-state seller is required to collect the fee.

Remittance of the Fee

The law requires the fee to be collected and remitted at the same time and in the same manner as the sales tax is remitted. The tire fee should be reported on Line Q of the ST-103.

Retailers remitting by electronic funds transfer will include the payment with their sales tax payment. These retailers will do a quarterly recap to separate the tire fee from the sales tax remittance.

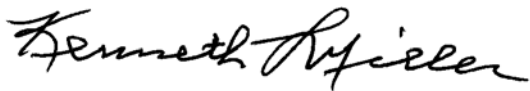
The person collecting the fee shall be entitled to retain one percent (1%) of the amount collected for filing and remitting the fee.

Usage of the Fees Collected

Revenue from the tire fee is deposited in the waste tire management fund. Thirty-five percent (35%) of the fee will be used to assist the Department of Environmental Management in the removal and disposal of waste tires. The remaining sixty-five percent (65%) of the fee shall be used by the Department of Commerce to provide grants and loans to persons involved in waste tire management activities. The Department of Commerce shall also operate a waste tire education program.

Exemptions

An exemption certificate must be supplied to the seller for any purchase that is exempt. The only exemptions from the fee are for tires purchased for resale, tires used on vehicles not included in the definition of vehicle as defined in IC 13-7-23-10.3(a)(3).

A handwritten signature in black ink, reading "Kenneth L. Miller". The signature is fluid and cursive, with the first name "Kenneth" and last name "Miller" clearly distinguishable.

Kenneth L. Miller
Commissioner